

Message Text

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62

ACTION EUR-25

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FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC 3227

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TAGS: BEXP, EFIN, US, CA

SUBJECT: MORE ON DISC'S.

REF : OTTAWA 1103

LEAD EDITORIAL IN GLOBE AND MAIL APRIL 18 UNDER TITLE
"PROTECTION AGAINST DISC'S" PICKED UP REPORTS ON U.S. TREASURY
STUDY OF DISC'S AND USED INFO TO ARGUE FOR CONTINUATION LOWER
CORPORATE TAX RATES IN CANADA. EDITORIAL SAYS "DISC'S HAVE
PROVED ENORMOUSLY POPULAR WITH UNITED STATES CORPORATIONS,
AND UNLESS CANADA HAS SOME EFFECTIVE MEASURES TO COUNTERACT
THE EFFECT OF DISC'S, A GOOD DEAL OF OUR MANUFACTURING --
AND JOBS -- WOULD MOVE SOUTH OF THE BORDER." GOC CUT CORPORATION
TAX RATES ON MANUFACTURING AND PROCESSING INCOME FROM 49
PERCENT TO 40 PERCENT, STARTING JANUARY 1, 1973 "PARTIALLY
IN RESPONSE TO THE ESTABLISHMENT OF DISC'S." IT IS
"FRIGHTENING" TO SEE SOME CONSERVATIVES ARE CONSIDERING
SUPPORT FOR NDP EFFORTS TO OPEN DEBATE ON TAX QUESTION.
EDITORIAL SAYS EFFECTIVENESS OF TAX CUT HAS BEEN QUESTIONED
BUT IT "SHOULD STAY IN PLACE TO BE EXAMINED, WITH ALTERNATIVES,
AT A TIME WHEN ELECTION MADNESS IS OUT OF THE AIR."
PORTER

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